

OPI Pulse: State Economic Enhancement and Development (SEED) Fund

Background:

Florida's budget is divided into three primary funding sources: General Revenue, federal trust funds and state trust funds. General Revenue can be used for a variety of purposes but trust funds are generally established for designated purposes. Over the years, the Florida Legislature has created numerous state trust funds for a variety of purposes including bolstering economic development, protecting Florida's coastline and maintaining the state's roadways. Infrastructure and economic development programs are generally funded through both General Revenue and various trust funds.

Issues at a Glance:

During the 2011 Legislative Session, the Florida House of Representatives Select Committee on Government Reorganization filed two bills, House Bill 7205 and House Bill 7207, related to infrastructure and economic development funding. Proponents have cited the following reasons for the proposed legislation:

- To provide a dedicated, recurring funding source to enable Florida to be proactive and better positioned to capitalize on economic development opportunities.
- To foster flexibility in creating incentives packages that will allow Florida to be more competitive in attracting and retaining businesses, while continuing to apply program criteria and return on investment requirements.
- To provide the Legislature and the Governor with the ability to make strategic investments to advance Florida's economic competitiveness nationally and internationally.

What the Bills Do:

House Bill 7205, which passed the House on May 6, 2011, with a vote of 84 to 34, and Senate later that night with a vote of 34 to 5, creates the State Economic Enhancement and Development (SEED) Trust Fund. The fund serves as a depository for a portion of documentary stamp tax proceeds, and local matching funds, and provides a single source of funding for state transportation-related and housing infrastructure, and job creation programs and projects. The bill specifies SEED Trust Fund monies would be used for the following purposes or programs:

- To create or expand transportation facilities that meet a strategic and essential state interest with respect to the economic development of the state;
- To fund affordable housing programs and projects;

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Speaker pro tempore

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Quick Look:

This document includes:
Background Information,
Quick Facts, and
Frequently Asked
Questions about the State
Economic Enhancement
and Development (SEED)
Fund.

Quick Facts:

271: Number of trust
funds for which there
were appropriations in
Florida's 2010-11 fiscal
year budget

27.5: Percent of the 2010-
11 fiscal year budget that
is state funds

38.4: Percent of the 2010-
11 fiscal year budget that
is federal trust funds

34.1: Percent of the 2010-
11 fiscal year budget that
is General Revenue

Additional Resources:

[House 2011](#)

[Appropriations](#)

[Documents](#)

[House “Build Your Own
Budget” Project](#)

[OPI Pulse: Florida’s
Budget Process](#)

- To provide for workforce training associated with locating a new business or expanding an existing business;
- To foster economic development incentives for job creation; and
- To support tourism promotion and marketing services, functions and programs.

House Bill 7207 proposed to dedicate funding sources to the SEED Trust Fund and the redirection of funds was wrapped into Senate Bill 2156, relating to government reorganization. The bill passed the Senate on May 6, 2011, with a vote of 33 to 6 and passed the House on May 7, 2011, with a vote of 81 to 35. Specifically, Senate Bill 2156 redirects existing revenues from the State Transportation Trust Fund and the State and Local Government Housing Trust Funds to the newly created SEED Trust Fund. In order to carry this out, funds would gradually be redirected from their current state trust fund to the SEED trust fund. Effective July 1, 2011, the bill redirects a total of \$75 million from documentary stamp tax revenues currently dedicated to affordable housing trust funds, and \$50 million from documentary stamp tax revenues currently dedicated to the State Transportation Trust Fund into the SEED Trust Fund. The revenues from State Transportation Trust Fund will grow to \$75 million over the next three years.

The SEED Trust Fund will be effective July 1, 2011.

Frequently Asked Questions: SEED Trust Fund

What is a trust fund?

A trust fund is a fund consisting of monies received by the state which, under law are segregated for a purpose. The creation of a trust fund requires specifying the types of funds to be received and the purpose of those funds. The state agency or branch of state government receiving or collecting monies is responsible for spending the money properly, as provided by law. Federal grants, user fees, and taxes are examples of monies that can be deposited into trust funds.

Why is this bill even necessary?

Proponents believe the SEED trust fund will create flexibility in how funds that were previously designated for transportation and housing infrastructure can be used. They assert the SEED fund will allow state leaders to be responsive to changes in economic development needs as they arise, stressing the state will be more competitive as a result. Use of these funds will be subject to legislative appropriation.

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